



Report to the Auburn City Council

Action Item	3
Agenda Item No.	
City Manager's Approval	

To: Honorable Mayor and City Council Members
From: Robert Richardson, City Manager
Andy Heath, Administrative Services Director
Date: April 27, 2009
Subject: Financial Advisory Professional Services Agreements – Urban Futures, Inc.

The Issue

Shall the City Council approve an agreement with Urban Futures, Inc. to provide financial advisory services as they relate to a proposed issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation?

Action Requested

It is recommended that the City Council:

- 1) Adopt a **RESOLUTION** authorizing the City Manager or his designee to approve a Professional Services Agreement between the City of Auburn and Urban Futures, Inc. to provide Financial Advisory Services related to the proposed issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation.

Background

On March 23, 2009, the City Council authorized the Director of Public Works to advertise for construction the onsite wastewater treatment plan improvement project. Construction costs to complete the improvement project are estimated to be between \$8 and \$9 million.

As a means to finance the costs of the improvement project, staff considered the following as financing alternatives:

- Conventional bond financing,
- The State Water Resource Control Board Revolving Loan Fund (SRF) Program, and
- The State Revolving Fund – American Recovery and Reinvestment Act (ARRA) Funds.

As discussed in the March 23, 2009 report to the City Council, consideration of both the SRF and ARRA financing mechanisms potentially compromise the City's ability to complete the construction of necessary facility upgrades by March 2011, after which mandatory minimum penalties for permit non-compliance will apply. Additionally, there is no definite timing as to the receipt of funding from the SRF or ARRA programs or whether or not the City would qualify for such funding given the scope of the project as outlined today.

On March 23, 2009, the City Council adopted a resolution to proceed with conventional financing for the onsite wastewater treatment plant improvement project.

Analysis

To assist with the proposed issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation, staff recommends the City Council authorize the execution of an agreement for Financial Advisory professional services.

Financial Advisory Services – Urban Futures, Inc.

Urban Futures, Inc. (UFI), founded in 1972 with offices in San Francisco and Orange, CA, has served over 150 governmental entities in various capacities; and as financial advisors/consultants, has been involved in over \$10 billion worth of transactions helping many California cities and agencies create a sound financial foundation. UFI is a leading provider of municipal bond market consulting services statewide.

Having assisted the City of Auburn Urban Development Authority with the recent, highly successful issuance of tax allocation bonds for the City's Streetscape Project, UFI is already familiar the City's financial wherewithal. As such, UFI has proven to be a highly respectable partner to the City.

As the financial advisor to the City's issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation, UFI will be primarily responsible for the following services:

- Assist in the selection of financing team members, including bond counsel, disclosure counsel, and underwriter;
- Evaluate the feasibility of the financing to include project costs, cash flows, and sewer use fee flows;
- Prepare the Financial Advisory Report for publication in the Preliminary and Final Official Statements;
- Evaluate financing structures;
- Work with City staff, bond counsel, disclosure counsel, underwriters and other key stakeholders to review, prepare and advise on materials prepared to facilitate the issuance of bonds;
- Assist with the final closing of the financing; and
- Assist City staff and underwriters in working with credit rating agencies and financial institutions.

Fees paid to UFI for financial advisory services will be payable from bond proceeds and only upon the successful closing of related financings. Total fees ultimately paid are directly related to the size of financing (amount of bonds issued).

Alternatives Available to the Board of Directors; Implications of Alternatives

1. Authorize the City Manager to execute a consulting agreement with Urban Futures, Inc. related to a proposed issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation.
2. Do not approve the consulting agreement and direct staff accordingly. This action delays the proposed issuance of Wastewater Treatment Facility Revenue Bonds / Certificates of Participation.

Fiscal Impact

Professional fees and expenses for services provided by Urban Futures, Inc. will be paid from bond proceeds upon the successful sale of bonds. Fees paid will be based upon the ultimate size of the bond in accordance with the fee schedule (*i.e. fee for issuing \$9 million bond = \$50,500.*)

Attachments

- Statement of Qualifications – Urban Futures, Inc.
- Professional Services Agreement – City of Auburn and Urban Futures, Inc.

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RESOLUTION NO. 09-
RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH
URBAN FUTURES, INC.

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council does hereby adopt a resolution authorizing the City
Manager or his designee to approve a Professional Services Agreement
between the City of Auburn and Urban Futures, Inc. to provide Financial
Advisory Services related to the proposed issuance of Wastewater Treatment
Facility Revenue Bonds / Certificates of Participation. A true and correct copy
of said agreement is attached hereto as Exhibit "A".

DATED: April 27, 2009

J.M. Holmes, Mayor

ATTEST:

Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify
that the foregoing resolution was duly passed at a regular meeting of the City
of Auburn City Council held on the 27th day of April 2009 by the following vote
on roll call:

Ayes:
Noes:
Absent:

Joseph G. R. Labrie, City Clerk

PROFESSIONAL SERVICES AGREEMENT
City of Auburn / Urban Futures, Inc.

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Auburn, a California Municipal Corporation ("City") and Urban Futures, Inc., a California Corporation ("Consultant").

2. RECITALS

- 2.1 City has determined that it requires the following professional Financial Advisory services from consultant.
- 2.2 Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

3. DEFINITIONS

- 3.1 "Scope of Services": Such professional services as are set forth in Consultant's April 22, 2009 Statement of Qualifications to City attached hereto as Exhibit A and incorporated herein by this reference.
- 3.2 "Approved Fee Schedule": Such compensation rates as are set forth in Consultant's fee schedule outlined in Consultant's April 22, 2009 Statement of Qualifications to City attached hereto as Exhibit A and incorporated herein by this reference.
- 3.3 "Commencement Date": April 28, 2009.
- 3.4 "Expiration Date": June 30, 2010.

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the parties or terminated earlier in accordance with Section 17 ("Termination") below.

5. CONSULTANT'S SERVICES

- 5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the sum outlined in the Proposed Fee Schedule on page 6 of the April 22, 2009 Statement of Qualifications.
- 5.2 Consultant shall obtain a City business license prior to commencing performance under this Agreement.
- 5.3 Consultant shall perform all work to the highest professional standards of Consultant's profession and in a manner reasonably satisfactory to City. Consultant shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*).
- 5.4 During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute and (ii) City has not consented in writing to Consultant's performance of such work.
- 5.5 Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Michael P. Busch shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without City's prior written consent.

6. COMPENSATION

- 6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.
- 6.2 Consultant shall submit to City an invoice, upon successful delivery by the City of the Sewer Certificates of Participation / Bonds, for the services performed

pursuant to this Agreement. The invoice shall itemize the services rendered during the billing period and the amount due. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

- 6.3 Payments for any services requested by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant's standard fee schedule. Consultant shall be entitled to increase the fees in this fee schedule at such time as it increases its fees for its clients generally; provided, however, in no event shall Consultant be entitled to increase fees for services rendered before the thirtieth day after Consultant notifies City in writing of an increase in that fee schedule.

7. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material ("written products" herein) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

8. RELATIONSHIP OF PARTIES

Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of City.

9. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data shall be returned to City upon the termination or expiration of this Agreement.

10. INDEMNIFICATION

- 10.1 The parties agree that City, its officers, agents, employees and volunteers should, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the City with the fullest protection possible under the law. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant's commitment to indemnify and protect City as set forth herein.
- 10.2 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant or any of its officers, employees, servants, agents, or subcontractors in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.
- 10.3 City shall have the right to offset against any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant's failure to pay City promptly any indemnification arising under this Section 10 and any amount due City from Consultant arising from Consultant's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 10.4 The obligations of Consultant under this Section 10 are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.
- 10.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of

Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.

- 10.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

11. INSURANCE

- 11.1 During the term of this Agreement, Consultant shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with Consultant's performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:
- 11.1.1 Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable.
 - 11.1.2 Automobile Liability Insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million dollars (\$1,000,000) per incident.
 - 11.1.3 Worker's Compensation insurance as required by the laws of the State of California.
 - 11.1.4 Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars (\$1,000,000).
- 11.2 Consultant shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.
- 11.3 The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.
- 11.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect, City may either (i) immediately terminate this Agreement; or (ii) take out

the necessary insurance and pay the premium thereon at Consultant's expense.

- 11.5 At all times during the term of this Agreement, Consultant shall maintain on file with City's Risk Manager a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and naming the City and its officers, employees, agents and volunteers as additional insureds. Consultant shall, prior to commencement of work under this Agreement, file with City's Risk Manager such certificate(s).
- 11.6 Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.
- 11.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City and its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.
- 11.8 The insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.
- 11.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant's employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.
- 11.10 Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond in the amount of the deductible or self-insured retention to guarantee payment of losses and expenses.
- 11.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 10 of this Agreement.

12. MUTUAL COOPERATION

- 12.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.
- 12.2 In the event any claim or action is brought against City relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require in the defense of that claim or action.

13. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

14. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.

15. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and City's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to City:

Andy Heath
City of Auburn
1225 Lincoln Way
Auburn CA 95603
Telephone: (530) 823-4211 x110
Facsimile: (530) 823-4216

If to Consultant:

Urban Futures, Inc.
505 Montgomery Street
Suite 1100
San Francisco, CA 94111
Telephone: (415) 874-3552
Facsimile: (415) 874-3001

With courtesy copy to:

Michael G. Colantuono, Esq.
Auburn City Attorney
Colantuono & Levin, P.C.
11406 Pleasant Valley Road
Penn Valley, CA 95946-9024
Telephone: (530) 432-7359
Facsimile: (530) 432-7356

16. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 9, Section 10, Paragraph 12.2 and Section 13 of this Agreement shall survive the expiration or termination of this Agreement.

17. TERMINATION

- 17.1. City shall have the right to terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant shall have the right to terminate this Agreement for any reason on thirty calendar days' written notice to City. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.
- 17.2. If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

18. GENERAL PROVISIONS

- 18.1. Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City's prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any party other than Consultant.
- 18.2. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry,

age, physical or mental disability, medical condition or any other unlawful basis.

- 18.3 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
- 18.4 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.
- 18.5 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 18.6 Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies. In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be Placer County, California and Consultant hereby consents to jurisdiction in Placer County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.
- 18.7 If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held

invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

- 18.8 This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 18.9 All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

"City"
City of Auburn

"Consultant"
Urban Futures, Inc.

By _____
Robert Richardson, City Manager

By: _____
Marshall Linn, President & CEO

Date: _____

Date: _____

Attest:

By _____
Deputy City Clerk

Date: _____

Approved as to form:

By _____
Michael G. Colantuono, City Attorney

Date: _____

EXHIBIT A
SCOPE OF WORK

- SEE ATTACHED -

- STATEMENT OF QUALIFICATIONS, APRIL 22, 2009

EXHIBIT A
SCOPE OF WORK

SEE ATTACHED

- STATEMENT OF QUALIFICATIONS, APRIL 22, 2009

**EXHIBIT B
APPROVED FEE SCHEDULE**

SEE ATTACHED

- STATEMENT OF QUALIFICATIONS, APRIL 22, 2209

URBAN FUTURES

INCORPORATED

Finance • Redevelopment • Implementation • Planning

April 22, 2009

Mr. Andy Heath
Finance Director
City of Auburn
1225 Lincoln Way
Auburn, Ca 95603

**Re: Statement of Qualifications
Financial Advisory Services**

Dear Mr. Heath:

Thank you for the opportunity to present this Statement of Qualification to provide Financial Advisory services to the City of Auburn. This Statement is intended to serve as a mechanism for Urban Futures to be the Financial Advisor for the City. As you are aware, Financial Advisors work as independent consultants to clients assisting with the structure and ultimate sale of bonds. Urban Futures, Inc. (UFI) is the best qualified firm to assist the City. Having worked with over one hundred different municipal agencies since its inception, UFI has the best understanding of the client's needs and the bond market then any other firm in the State. This intimate knowledge of the bond market will add tremendous value to the financing team in evaluating it's strategy, the structuring of the bond issue, preparing presentations for rating agencies and preparing and reviewing documents for the sale of securities.

Since our founding, Urban Futures, Inc. ("UFI") has served over 150 governmental entities in various capacities, and as financial advisors/fiscal consultants, we have been involved in over \$10,000,000,000 worth of transactions. We have helped many California agencies create a sound financial foundation and look forward to sharing this expertise with the City and Agency.

Due to our extensive public finance experience in California, Urban Futures, Inc. is uniquely qualified to provide fiscal consultant reporting services to the City and Agency in an innovative and comprehensive manner. UFI "brings to the table":

- Knowledge of and familiarity with the current municipal bond market and trends relative to financings in California;
- A team of professionals with a combined 120 years of municipal financing and redevelopment experience;
- Analytic sophistication that fosters a multi-disciplinary approach to problem solving

- regardless of project size or type;
- An integrated full-service approach which provides clients with all necessary finance services; and
- Continuity of service; UFI is small enough so that there is never a break in the client/professional network, yet large enough to offer a full range of services.

The greatest benefit that we present to the City and Agency is that our firm can combine these necessary services into a comprehensive whole. The list in Section 4 (Scope of Services) details the services that UFI will perform.

We look forward to assisting the City as its Financial Advisor. If you have any questions or need additional information, please contact me at (714) 283-9334.

Sincerely,



MICHAEL P. BUSCH
Managing Principal

URBAN FUTURES, INC.

We are a full service municipal consulting firm serving local government primarily in the State of California.

Since 1972 we have helped many California cities create a sound financial foundation.

**URBAN
FUTURES**
INCORPORATED

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I. Qualifications and Experience

Urban Futures, Inc. (UFI) is a full service municipal consulting firm serving local government primarily in the State of California. The firm was founded in 1972 and has existed in its present form since 1974. It is the largest singularly owned, municipal financial advisor/redevelopment consulting firm in the State. UFI is a closely held California corporation located in the City of Orange, California. UFI currently employs 26 staff members.

Urban Futures offers public and private sector clients a wide range of specialized services including financial advisory, planning, redevelopment, implementation and other public financing services including compliance administration of first - time homebuyer and rental programs. Services include:

Financial Advisory	Fiscal Consultant Report Preparation
Continuing Disclosure Services	Planning and Redevelopment/Plan Adoptions
Project Negotiations	Redevelopment Implementation
Public Finance Services	Single-/ Multifamily Compliance
Administration	

Leading Financial Advisor: UFI have been involved in over \$10,000,000,000 worth of transactions. Urban Futures, Inc. was the number one financial advisor in the redevelopment finance industry in the State of California during calendar years 2004, 2005 and 2006 regarding the number of tax allocation bond issues completed. We assisted more California redevelopment agencies, with their debt issuance needs, than any other financial advisor in California. For a full list of our redevelopment transactions see Exhibit A.

Extensive Enterprise and Redevelopment Experience: UFI has served as financial advisor to several cities and redevelopment agencies throughout the State. We have provided some of our references and encourage you to contact them regarding the quality of our services. See Exhibit C for list of references.

Since its inception, UFI has served as financial advisor to hundreds of enterprise funding issues. Our staff has experience with water, waste water, sewer, electric and sanitation enterprises. We are one of the few firms with experienced staff who have working knowledge of rate models, rate implementation and utility service experience. UFI is qualified to assist its clients in developing a financial strategy uniquely oriented to its client's specific needs from program inception to capital project completion.

UFI has been providing financial advisory services to California redevelopment agencies for over 30 years. The firm's extensive experience with redevelopment agency finance and especially our familiarity and experience with California Redevelopment Law help us provide the best service to California agencies. UFI has experience using tax increment on all of the following approaches to meet development objectives.

- Rated & insured tax-exempt tax allocation bonds;
- Rated & insured taxable and tax-exempt housing set-aside bonds;
- Non-insured tax allocation & housing set-aside bonds;
- Taxable & tax-exempt privately placed loans or notes with pledges of tax

- increment, housing set-aside (and other available revenues of the agency);
- General fund-backed lease revenue bonds with underlying reimbursement obligations of the redevelopment agency to the city;
 - Mello-Roos bonds issued to fund infrastructure with a direct pledge of tax increment to off-set Mello-Roos tax burden or goal to refinance unrated Mello-Roos bonds with rated tax allocation bonds when development occurs in the project area;
 - Combined project area and merged area financings;
 - Conduit multifamily and single family revenue bonds with credit support from housing set-aside or up-front contributions; and
 - Derivative-based strategies for limiting risk and releasing value from past transactions

Capabilities & Specialization: UFI's has extensive experience and capabilities in modeling enterprise and redevelopment revenue streams, structuring bond issues, preparing presentations for rating agencies and preparing documents for the sale of securities. Potential issues and impacts of identifying pledged revenues should be considered carefully, as structuring and sizing have long term consequences. The bond indentures parity requirements will to a certain extent limit the sizing of future bond issues and as such, proposed covenants should be considered carefully. UFI specializes in security provisions (debt service payments, maturity, timing and use of capitalized interest), interpreting legal and statutory constraints, structural features and their effect on future bond issues, negotiating structuring criteria imposed by rating agencies and identification of project area time and monetary limitations. It may be of interest to know that **Urban Futures prepares its own Fiscal Consultant reports, which eliminates the need to hire an outside fiscal consultant to prepare a Report of Tax Increment (resulting in a savings of approximately \$30,000).**

If you consider UFI's proven track record and experience with tax increment financings, it's proven history in the field of Financial Advisory services governed by its extensive capabilities and specialization in municipal finance, you will agree that Urban Futures, Inc. is the best qualified firm to assist the City. Urban Futures has a better understanding of the needs of municipalities than any other firm in the State.

2. Background and Experience of the Key Individuals

UFI staff is comprised of highly skilled professionals able to handle assignments ranging from site-specific developer negotiations to community wide development strategies, redevelopment plans, entitlement processing, financial advisement, affordable housing programs, and economic development implementation strategies. Marshall Linn, Doug Anderson, Michael Busch, Al Holliman and Eva Wolf represent the professional staff who will be assigned to work with the City. Four of these five professionals have been with Urban Futures for over a decade. Other staff members will be used as necessary. The background and experience of key personnel is detailed here:

MARSHALL F. LINN, President will oversee all aspects of the work performed for the City. Mr. Linn has more than 38 years of municipal and private consulting experience. Over the last 28 years Mr. Linn has specialized in the preparation and implementation of more than 150 redevelopment plans. As a financial advisor, Mr. Linn has participated in more than 500 bond issues, totaling well over nine billion dollars in tax exempt securities.

Education: Bachelor of Arts Degree and Master's Degree, Urban Planning, University of Southern California.

MICHAEL P. BUSCH, Vice President will co-manage all aspects of the work performed for the City. Michael joined Urban Futures in 2007 following a successful career in municipal government. Mr. Busch's municipal career consisted primarily of assistant/deputy city manager, finance, and project manager positions. As such, he has extensive experience in strategic planning, municipal finance, economic development/redevelopment, and project implementation leading to the issue of over \$200 million in tax exempt debt offerings and implementation of several redevelopment and infrastructure projects. Mr. Busch has a unique background having served as a planner, finance director, city treasurer, deputy city manager and assistant city manager where he has demonstrated experience in capital improvement plan development, developer negotiations, development agreements, and capital project implementation. Mr. Busch has served as the President of the Municipal Management Association of Southern California (MMASC) and most recently as Chair of Cal-ICMA.

Education: Mr. Busch earned a Bachelor of Arts Degree from California State Polytechnic University Pomona in Urban and Regional Planning. In addition, Mr. Busch has earned a Master of Arts Degree in Public Administration from California State University Long Beach with an emphasis in public finance and public works.

DOUGLAS P. ANDERSON, Vice President will provide significant analysis and input for this engagement. He is particularly proficient in the compilation and composition of the fiscal consultant report, a key component of the preliminary and final official statement for redevelopment financings. In addition, Mr. Anderson is very familiar with the various financial scenarios associated with California legislation (such as SB 211) that impact redevelopment agencies. He also has expertise in the areas of tax revenue analysis and bond administration. He is responsible for the research and analysis necessary to structure tax allocation bond issues, including tax increment revenue projections and analysis of the revenue created by new development. Mr. Anderson has been with Urban Futures since 1985.

Education: Mr. Anderson earned a Bachelor of Science Degree from San Diego State University in Business Administration, with a Finance emphasis.

AL HOLLIMAN, Principal will have support responsibilities for this engagement. Al enjoyed a successful 33 year career in state and local government before joining Urban Futures in 2006. His career consisted primarily of assistant city manager, finance, and redevelopment administrative positions. As such, he has extensive experience in municipal finance, economic development, redevelopment, and housing, which includes lead issuer responsibilities for over \$600 million in tax exempt debt offerings. Mr. Holliman has a unique background in that he is a certified public accountant but also has demonstrated experience in developer negotiations, development agreements, and capital project administration. He has taught government finance and economic development courses in the California State University system since 1998.

Education: Mr. Holliman earned a Bachelor of Arts Degree from California State University Fullerton in Business Administration and a Master of Arts Degree in Management from the Claremont Graduate School. He is currently enrolled in doctoral studies at the University of Maryland.

PAUL SCHOWALTER, Principal will have planning support responsibilities for this engagement. Paul comes to Urban Futures with nearly 18 years of redevelopment experience. He has managed or assisted in the preparation of over 100 redevelopment plan adoptions, amendments, implementation plans, and feasibility studies. Paul has been responsible for all activities related to redevelopment plan preparation, including project management and scheduling.

Education: Mr. Schowalter received a Bachelor of Architecture with an Urban Design emphasis from the California State Polytechnic University, Pomona. He is a published author and photographer, award-winning artist, and has earned a California APA award.

EVA WOLF, Assistant Vice President will research and compile the financial and statistical data necessary for any of the City's financing needs. Ms. Wolf provides analytical support on various financing projects. Ms. Wolf is primarily responsible for providing quantitative analyses on bond structuring and assisting clients with all aspects of the sale process. Ms. Wolf is responsible for coordinating with the financing team to ensure adherence to the financing schedule. She has served as a project manager and closing coordinator on numerous financings for cities, redevelopment agencies and counties. Ms. Wolf has been involved in all aspects of public finance, including general obligation bonds, lease revenue obligations, special tax bonds, 1915 Act assessment district bonds and tax allocation bonds. She has been with Urban Futures since 1995.

Education: Ms. Wolf earned a Bachelor of Science Degree from the University of Redlands in Business Management.

3. Proposed Fee Schedule

The cost for the services requested by the Client for Financial Advisor shall be based on the following fee schedule and other considerations:

	<u>Fee</u>	<u>Bond Amt</u>
1)	\$29,500 up to and including	\$ 1,000,000
2)	\$32,500 up to and including	\$ 2,000,000
3)	\$35,500 up to and including	\$ 3,000,000
4)	\$38,500 up to and including	\$ 4,000,000
5)	\$41,500 up to and including	\$ 5,000,000
6)	\$42,500 up to and including	\$ 6,000,000
7)	\$46,500 up to and including	\$ 7,000,000
8)	\$48,500 up to and including	\$ 8,000,000
9)	\$50,500 up to and including	\$ 9,000,000
10)	\$52,500 up to and including	\$10,000,000
11)	\$54,500 up to and including	\$11,000,000
12)	\$56,500 up to and including	\$12,000,000
13)	\$58,500 up to and including	\$13,000,000
14)	\$60,500 up to and including	\$14,000,000
15)	\$62,500 up to and including	\$15,000,000
16)	\$64,500 up to and including	\$16,000,000
17)	\$66,500 up to and including	\$17,000,000
18)	\$68,500 up to and including	\$18,000,000
19)	\$70,500 up to and including	\$19,000,000
20)	\$72,500 up to and including	\$20,000,000
21)	\$74,500 up to and including	\$21,000,000
22)	\$76,500 up to and including	\$22,000,000
23)	\$78,500 up to and including	\$23,000,000
24)	\$80,500 up to and including	\$24,000,000
25)	\$82,500 up to and including	\$25,000,000

For any single issue in excess of \$25,000,000, the financial advisor fee will be \$2,000 per million over and above \$25,000,000.

Such fee shall become payable only upon delivery by the City (or the legal entity or entities issuing such bonds, notes or obligations) of such bonds. In addition, the Financial Advisor shall be reimbursed for direct out-of-pocket expenses and for legal expenses, if a competitive bid situation is called for, out of the proceeds from the financing.

In addition to the Financial Advisor's duties listed in the proposal, the City may wish to engage the Financial Advisor for other specific assignments or services. In these instances, the staff of Urban Futures, Inc. will be available on an hourly fee basis. Urban Futures, Inc. hourly compensation is as follows:

Principals	\$195.00
Senior Staff	\$160.00
Associate Staff	\$125.00
Assistant Level	\$ 75.00

4. Scope of Services

GENERAL OR ENTERPRISE FINANCING:

Our Scope of services for general or enterprise financing includes (and is not limited to):

1. Evaluate and project cash flows required to size and debt service the Bonds.
2. Subsequent to the determination of the tax exempt or taxable nature of the Bonds, render an opinion with respect to the size of the Bond issue.
3. Assist staff in their conduct of a Proposition 218 validation process (if necessary).
4. Recommend the financing team members (underwriters, bond counsel, disclosure counsel, trustee, etc.) that are best suited to the current needs and coordinate all meetings with financing team members.
5. Coordination of and assistance in the preparation of the preliminary and final official statements for the bond issue.
6. UFI will actively participate in the rating agency and bond insurance process and be available for all questions by the rating agencies and/or bond insurers.
7. Pricing advisory services – one week before the final pricing date for the bonds, UFI will begin assembling market data relative to tax exempt debt offerings in general and tax exempt tax allocation bonds. On the day before and morning of pricing, UFI will prepare a detailed analysis of similar bond issues which will be presented to the City. This analysis will be used as a benchmark in determining the equitability and viability of the net yield offered by the underwriter.
8. UFI will participate in the “pricing call” between the City and the underwriters and will offer “offline” advice to the City in accordance with the aforementioned analysis regarding the price and terms as quoted by the underwriters.
9. UFI’s services will include a thorough review of the various components which equate to the net bond yield, including appropriate scrutiny of the underwriters’ spread and any related premiums or discounts on the bonds.
10. Assistance in the investment of bond proceeds.
11. Post bond follow-up.

REDEVELOPMENT FINANCING:

Our scope of services for a redevelopment financing includes (and is not limited to):

1. Prepare for the client a financing structure to accomplish the financing objective. This analysis will include setting goals and objectives relative to the issuance of both taxable or tax exempt debt.
2. Evaluate the feasibility of the project/financing to include project costs, cash flows, tax increment flows and other revenue sources as applicable.
3. Prepare various tax increment scenarios of existing increment flows and projections based on various growth assumptions for Client-issued debt.
4. Prepare the Financial Advisory Report for publication in the Preliminary Official Statement and the Final Official Statement. **(Urban Futures prepares its own Fiscal Consultant reports, which eliminates the need to hire an outside fiscal consultant to prepare a report of tax increment, resulting in a savings to the Client of approximately \$30,000.)**
5. Evaluate the financing structure, to include debt service schedules; call features; bond security; flow of funds; sources and uses of funds including costs of issuance; underwriters discount and original issue discount; investment of bond proceeds; and estimated positive and negative cash flow to the Client.
6. Verify tax increment revenue for the latest fiscal year;
7. Calculate and project tax increment revenue for the next five years;
8. Review and analyze five (5) years of historical assessed value and tax revenue receipts for the Redevelopment Project Area;
9. Describe in detail, the top ten (10) secured (and unsecured if material) taxpayers in the Project Area;
10. Review of the Project Area's base year assessed value, including any possible adjustments made by the County Auditor-Controller;
11. Complete analysis of the Project Area's redevelopment plan, including number of plan years remaining, and any restrictive covenants, etc.;
12. Complete analysis of the Project Area in terms of current development activity, and anticipated project development. This review will include on-site visits, which we feel is a major and necessary part of our evaluation;
13. Thorough review of pass-throughs, disposition and development agreements, and owner participation agreements for the Project Area, including subordination and other restrictive language;
14. Review and verify current and past property tax revenue collections.

15. Work with client staff, bond counsel, disclosure counsel, underwriters and other participants, to review, prepare and advise on information contained in the preliminary and final official statements, Indenture of Trust, fiscal agent agreement, investment agreements, and other legal and disclosure documents and materials required to facilitate the sale of the bonds.
16. Assist the client in the final closing of the financing.
17. Continue to update financing schedules and monitor market conditions including interest rate "spreads" between various tax-exempt and taxable securities, up until the actual marketing and pricing of the bonds.
18. Assist client staff, underwriters and other financing team members in working with credit rating agencies and financial institutions, and prepare any presentation materials and documentation for rating and credit reviews.
19. Conduct investor meetings on behalf of the Client if necessary.
20. After reviewing all bond documents including the Official Statement, Indenture of Trust, and investment agreements, UFI will provide the client with a "Fairness Opinion" relative to the proposed sale of bonds including the pricing structure, interest rate levels, interest rate "spreads", reinvestment structures, costs of issuance, underwriting and other investment banking fees.
21. Post-Bond Sale follow-up:
Working with the Client's underwriter, prepare and furnish the Client with a table of debt service which will include semi annual and annual payments of principal and interest, table of sources and uses of funds from the proceeds of the financing, and a complete cash flow analysis of the financing which will "track" the flow of funds, investment earnings, pledged revenues, and debt service payments.

Exhibit A: Financing Transactions

Over the past five years, UFI has provided financial advisor services on over 150 financings. For your review and information we are including a PARTIAL LISTING (sample) of various financings to illustrate the depth and range of our experience.

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Thousand Oaks	Tax Allocations Bonds 2002	Newbury Road Redevelopment	\$4,295,000	2/5/2002
Delano	Lease Rev Refunding Bonds 2002A	Delano Correctional Facility	\$8,075,000	2/7/2002
Bellflower	Multi Housing Rev Bonds 2002A&B	Bellflower Terrace Seniors		4/12/2002
Greenfield	Tax Allocation Bonds	Series 2002A and 2002B	\$4,005,000	4/18/2002
Pittsburg	Tax Allocation Ref Bonds 2002	Los Medanos Community Dev	\$59,970,000	5/6/2002
Upland	Lease Revenue Ref Bonds, Issue of 2002	Police Building Refunding Project	\$3,040,000	6/1/2002
Tehachapi	Tax Allocation Notes 2002	Tehachapi Redevelopment	\$2,500,000	6/11/2002
Delano	Sub Tax Allocation Ref Notes 2002	Delano Redevelopment Project	\$5,000,000	8/8/2002
Monterey Park	Tax Allocation Bonds 2002	Atlantic-Garvey Redevelopment Proj	\$24,270,000	8/22/2002
Murrieta	Tax Allocation Bonds	Murrieta Redevelopment Project	\$12,000,000	8/29/2002
Norco	Special Tax Bonds 2002	CFD 2001-1 (Norco Ridge Ranch)	\$32,640,000	9/12/2002
Manteca	Sub Tax Allocation Ref Bonds 2002	Manteca Merged Project Area	\$30,765,000	9/12/2002
Cerritos	Tax Allocation Rev Bonds 2002A&B	Cerritos Redevelopment Projects	\$116,035,00	10/8/2002
Lancaster	2002 Limited Obligation Improvement Refunding Bonds	Assessment District No. 92-101 (California Traditions)	\$2,250,000	10/22/2002
Gonzales	Tax Allocation Notes 2002	Gonzalez Redevelopment Project	\$1,250,000	12/5 /2002
Moorpark	Multi Housing Revenue Bonds	Vintage Crest Senior Apartments		12/12/2002
Imperial	Tax Allocation Notes 2002	City of Imperial Redevelopment	\$4,000,000	12/19/2002
Norco	Community Facilities Dist 2002-1	Norco 50 (Hawks Crest)		3/4/2003
Upland	Lease Revenue Bonds, Issue of 2003	(Water System Improvement)	\$8,935,000	4/15/2003
Norco	2003 Special Tax Refunding Bonds	Community Facilities District No.	\$2,200,000	5/6/2003

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Ripon	Tax Allocation Bonds, Issue of 2003	Ripon Community	\$6,320,000	5/13/2003
Lemoore	Tax Allocation Refunding Bonds Series 2003	Lemoore Redevelopment Project	\$13,895,000	5/15/2003
Upland	Tax Allocation Refunding Bonds, Issue of 2003	Upland Community	\$15,000,000	5/29/2003
Calexico	Tax Allocation Refunding Bond, Issue of 2003A	Merged Central Business District	\$16,120,000	6/1/2003
Calexico	Taxable Tax Allocation Refunding Bonds, Issue of 2003B	Merged Central Business District	\$3,275,000	6/1/2003
Corcoran	(Kings County, California)	2003 Certificates of Participation	\$5,915,000	6/4/2003
Delano	2003 Tax Allocation Refunding Bonds, Series A	Delano Redevelopment Project	\$17,200,000	6/10/2003
Lancaster	Subordinate Tax Allocation Refunding Bonds, Issue of 2003	Combined Redevelopment Project	\$60,980,000	6/10/2003
Lancaster	Subordinate Tax Allocation Revenue, Issue of 2003	Lancaster Residential, Amargosa,	\$40,595,000	6/10/2003
Redlands	2003 Lease Revenue Refunding	Certificates of Participation	\$16,620,000	6/11/2003
Hughson	Tax Allocation Notes	Hughson Redevelopment Project	\$2,000,000	6/24/2003
Manteca	Series 2003A	Water Revenue Bonds	\$43,325,000	7/2/2003
Norco	2003 Tax Allocation Bonds	Norco Redevelopment Project	\$21,500,000	7/2/2003
Murrieta	Community Facilities District No. 2001-1 (Bluestone Communities / Murrieta Highlands)	2003 Special Tax Bonds, Series A	\$2,050,000	7/17/2003
Fillmore	Variable Rate Demand Revenue Bonds	2003 Series A	\$31,775,000	8/26/2003
Lancaster	Multifamily Housing Revenue Bonds (Sunset Project)	Series 2003A and Subordinate	\$51,500,000	9/20/2003
Dinuba	Tax Allocation Bonds, Issue of 2003	Merged City of Dinuba	\$7,500,000	10/23/2003
Upland	Tax Allocation Notes, Issue of 2003	Town Center Redevelopment	\$1,500,000	10/30/2003
Gonzales	Tax Allocation Refunding Bonds, Issue Of 2003	Gonzales Redevelopment Project	\$8,575,000	10/30/2003

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Rancho	Sunridge Anatolia Community Facilities District No. 2003-1	Special Tax Bonds, Series 2003	\$23,415,000	11/5/2003
Redlands	2003 General Obligations Refunding Bonds		\$5,380,000	11/5/2003
Redlands	Tax Allocation Bonds, Series 2003 A	Redlands Redevelopment Project	\$17,300,000	11/25/2003
Calexico	Tax Allocation Bonds, Issue of 2003C	Merged Central Business District	\$8,600,000	12/9 /2003
Murrieta	2003 Special Tax Bonds (Blackmore Ranch)	Community Facilities District No.	\$7,000,000	12/11/2003
Manteca	Series 2003A & Series 2003B	Sewer Revenue Bonds	\$43,820,000	12/11/2003
Ceres	Tax Allocation Bonds, Issue of 2003	Ceres Redevelopment Project	\$15,305,000	12/16/2003
Lancaster	Subordinate Tax Allocation Refunding Bonds, Issue of 2003B	Combined Redevelopment Project	\$18,080,000	12/19/2003
Lancaster	Subordinate Tax Allocation Revenue Bonds, Issue of 2003B	Combined Redevelopment Project	\$16,560,000	12/19/2003
Banning	Tax Allocation Refunding Bonds, Series 2003	Merged Downtown and Midway	\$14,095,000	12/23/2003
Tehachapi	Tax Allocation Notes	Issue of 2004	\$1,550,000	1/29/2004
Winters	Tax Allocation Bonds, Series 2004	City of Winters Community	\$7,820,000	3/9/2004
Murrieta	2004 Special Tax Bonds	Bluestone Community Facilities	\$4,000,000	4/7/2004
Upland	Special Tax Bonds	CFD The Colonies	\$42,150,000	5/13/2004
Parlier	2004 Tax Allocation Bonds		\$5,920,000	5/27/2004
Parlier	2004 Subordinate Taxable Tax Allocation Notes		\$1,500,000	5/27/2004
Highland	Tax Allocation Bonds, Series 2004A	Highland Redevelopment Project	\$17,525,000	6/14/2004
Lemon Grove	(Lemon Grove Redevelopment Project Area)	2004 Tax Allocation Bonds	\$6,330,000	8/10/2004
Murrieta	2004 Special Tax Bonds, Series "A"	(The Oaks) Community Facilities	\$23,910,000	8/10/2004
Murrieta	2004 Special Tax Bonds, Series "B"	(The Oaks) Community Facilities	\$10,670,000	8/10/2004
Lancaster	Multifamily Revenue Bonds	Aurora Village II	\$14,465,101	8/18/2004

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Grand Terrace	Refunding Tax Allocation Bonds, Series 2004	Community Redevelopment	\$13,000,000	8/26/2004
Highland	Tax Allocation Bonds, Series 2004B	Highland Redevelopment Project	\$3,690,000	9/7/2004
Lancaster	Tax Allocation Refunding Bonds, Issue of 2004	Lancaster Redevelopment Project	\$7,830,000	9/23/2004
Blythe	Tax Allocation Bonds Series 2004	Redevelopment Project No. 1	\$17,500,000	10/6/2004
Susanville	Water Revenue Bonds	Series 2004	\$3,330,000	10/28/2004
Upland	Tax Allocation Notes, Issue of 2004	Magnolia Redevelopment Project	\$5,000,000	11/9/2004
Corcoran	Corcoran Industrial Sector Redevelopment Project	Tax Allocation Bonds, Series	\$4,845,000	11/15/2004
Lancaster	Subordinate Tax Allocation Revenue Bonds, Issue of 2004B	Lancaster Residential, Amargosa,	\$11,005,000	11/24/2004
Lancaster	Subordinate Tax Allocation Bonds, Issue of 2004 (Taxable)	Combined Redevelopment Project	\$13,575,000	11/24/2004
Manteca	Amended Merged Project Area	Tax Allocation (Housing Set	\$5,310,000	11/30/2004
Manteca	Amended Merged Project Area	Subordinate Tax Allocation Bonds	\$25,925,000	11/30/2004
Norco	Norco Redevelopment Project Area No. One, Tax Allocation Refunding Bonds	(School District Pass-Through)	\$11,250,000	12/8/2004
Murrieta	Community Facilities District No. 2004-1	(Bremerton)	\$4,710,000	12/14/2004
Coachella	Tax Allocation Revenue Refunding Bonds	(Redevelopment Project 4)	\$9,785,000	12/14/2004
Upland	Community Facilities District No. 2003-1 (Upland 54)	Special Tax Bonds	\$1,750,000	12/22/2004
Lancaster	Tax Allocation Refunding Bonds Issue of 2004	Combined Redevelopment Project	\$21,540,000	12/22/2004
Lancaster	Tax Allocation Refunding Bonds Issue of 2004	Combined Redevelopment Project	\$10,200,000	12/22/2004
Lancaster	Tax Allocation Refunding Bonds Issue of 2004	Combined Redevelopment Project	\$5,135,000	12/22/2004

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Fillmore	Revenue Bonds, 2005 Series A (Fillmore Redevelopment Agency- Central City)	(Redevelopment Project Area)	\$13,225,000	2/16/2005
Murrieta	Murrieta Redevelopment Project No. 1	Tax Allocation Bonds	\$12,195,000	3/8/2005
Anderson	(County of Shasta, California)	Southwest Redevelopment Project	\$2,580,000	3/31/2005
Murrieta	Certificates Of Participation Series 2005	(City Hall Project)	\$4,100,000	4/13/2005
Lindsay	Tax Allocation Refunding Bonds, Issue of 2005	Lindsay Redevelopment Project	\$4,700,000	4/14/2005
Imperial	2005 Special Tax Bonds, Series A	Community Facilities District No.	\$4,655,000	5/11/2005
Murrieta	Community Facilities District No. 2004-2 (Murrieta Fields)	2005 Special Tax Bonds	\$2,605,000	5/11/2005
Greenfield	(County of Monterey, California) Greenfield Redevelopment Project	Subordinate Tax Allocation Notes,	\$13,210,000	6/8/2005
Murrieta	Community Facilities District No. 2003-3 (Creekside Village)	(Creekside) 2005 Special Tax	\$18,070,000	6/21/2005
Murrieta	Community Facilities District No. 2005-1	(Springbrook) 2005 Special Tax	\$4,455,000	6/22/2005
South El Monte	Tax Allocation Bonds 2005 Series A	(Merged Project Area)	\$8,900,000	8/10/2005
South El Monte	Tax Allocation Bonds 2005 Series B (Taxable)	(Merged Project Area)	\$9,220,000	8/10/2005
Adelanto	Variable Rate Refunding Revenue Bonds, (Utility System Project) 2005 Series A		\$55,615,000	9/7/2005
Adelanto	Taxable Variable Rate Refunding Revenue Bonds, 2005 Series B	(Utility System Project)	\$15,020,000	9/7/2005
Temple City	Rosemead Boulevard Redevelopment Project	Tax Allocation Refunding Bonds	\$8,000,000	9/15/2005
Lancaster	Multifamily Housing Revenue Bonds (Laurel Crest Apartments)	2005 Series A	\$11,000,000	9/22/2005
Lancaster	Multifamily Housing Revenue Bonds	(Aurora Village II Project) Series	\$800,000	9/29/2005
Murrieta	Community Facilities District No. 2004-3 (Meadowlane & Amberwalk I & II)	2005 Special Tax Bonds	\$5,335,000	10/11/2005

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Corcoran	(Kings County, California) 2005 Certificates of Participation	(Water System Improvement)	\$21,900,000	10/20/2005
Gonzales	Sewer Expansion and Water Tank Project	2005 Financing	\$3,131,500	11/17/2005
Norco	CFD Refunding	Norco Hills	\$17,245,000	11/21/2005
Dinuba	Tax Allocation Refunding Bonds, Issue of 2005	Merged City of Dinuba	\$5,670,000	12/1/2005
Ripon	Ripon Community Redevelopment Project	Tax Allocation Bonds, Issue of	\$5,660,000	12/1/2005
Norco	Redevelopment Project Area No. One	2005 Refunding Tax Allocation	\$17,245,000	12/7/2005
Manteca	Amended Merged Project Area	Variable Rate Subordinate Tax	\$50,760,000	12/13/2005
Imperial	2005 Special Tax Bonds, Series A	Community Facilities District No.	\$11,125,000	12/14/2005
Imperial	City of Imperial Redevelopment Project	Tax Allocation Refunding Bonds,	\$9,055,000	12/14/2005
Imperial	2005 Special Tax Bonds, Series A	Community Facilities District No.	\$6,220,000	12/14/2005
Tehachapi	Tehachapi Redevelopment Project	2005 Tax Allocation Bonds	\$8,780,000	12/21/2005
Thousand Oaks	Thousand Oaks Blvd Redevelopment Project	2005 Tax Allocation Refunding	\$56,240,000	12/22/2005
Murrieta	Assessment District No. 95-1 (Murrieta Oaks)	Limited Obligation Refunding	\$3,800,000	12/22/2005
Hughson	Tax Allocation Refunding Bonds, Series 2006	(Hughson Redevelopment Project)	\$3,200,000	2/28/2006
Gonzales	Subordinate Tax Allocation Notes, Series 2006	Gonzales Redevelopment Project	\$9,540,000	5/24/2006
Norco	Special Tax Refunding Bonds	CFD Refunding	\$38,535,000	5/31/2006
Imperial	Subordinate Tax Allocation Notes, Issue of 2006	City of Imperial Redevelopment	\$10,750,000	6/29/2006
Moorpark	Special Tax Bonds Series 2006	Community Facilities District	\$38,030,000	7/11/2006
Calexico	Community Facilities District No. 2005-1 (Hearthstone)	2006 Special Tax Bonds	\$14,710,000	7/12/2006
Fillmore	Fiscal Consultant		\$38,970,000	8/10/2006
Cloverdale	Tax Allocation Refunding Bonds, Series 2006	(Cloverdale Redevelopment)	\$21,465,000	/24/2006

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Rio Vista	CFD 2006-01	Special Tax Bonds	\$15,020,000	9/27/2006
Brawley	Brawley Redevelopment Project Area No. 1	2006 Tax Allocation Bonds	\$5,875,000	10/3/2006
Dinuba	Tax Allocation Refunding Bonds, Issue Of 2006	Merged City Of Dinuba	\$17,270,000	10/18/2006
Dinuba	Subordinate Tax Allocation Notes, Issue Of 2006	Merged City Of Dinuba	\$7,000,000	10/18/2006
Lancaster	Tax Allocation Bonds	(School District Projects)	\$13,655,000	11/16/2006
Upland	Tax Allocation Refunding Bonds, Issue of 2006	Community Redevelopment	\$15,000,000	11/20/2006
Blythe	Tax Allocation Bonds	Series 2006	\$5,100,000	11/21/2006
Imperial	Special Tax Bonds, Series B	CFD 2004-3, Bratton Development	\$5,130,000	11/30/2006
Greenfield	Tax Allocation Bonds, Series 2006	County of Monterey, California	\$29,810,000	12/5/2006
Manteca	Amended Merged Project Area	Subordinate Tax Allocation Bonds	\$22,675,000	12/14/2006
Adelanto	Local Agency Revenue Refunding Bonds, Series 2006		\$7,530,000	12/19/2006
Calexico	Tax Allocation Refunding Bonds, Issue of 2006	Merged Central Business District	\$9,995,000	12/21/2006
Imperial	Community Facilities District No. 2006-2	(Savanna Ranch) 2006 Special	\$5,000,000	12/21/2006
Lancaster	Tax Allocation Revenue Bonds, Issue of 2006	Lancaster Residential, Fox Field,	\$25,660,000	12/21/2006
Moorpark	2006 Tax Allocation Bonds	Moorpark Redevelopment Project	\$11,695,000	12/21/2006
Ceres	Tax Allocation Refunding Bonds, Issue of 2006	Ceres Redevelopment Project	\$36,645,000	12/21/2006
Calexico	Water System Lease Revenue Bonds	Issue of 2007	\$14,030,000	1/10/2007
Imperial	Community Facilities District No. 2006-1	(Monterrey Park Improvement)	\$10,620,000	2/14/2007
South El Monte	2007 Tax Allocation Bonds	2007 Series A (Taxable) (Merged	\$10,270,000	3/8/2007
Lindsay	2007 Tax Allocation Bonds	Lindsay Redevelopment Project	\$7,880,000	3/29/2007

<i>Issuer</i>	<i>Issue</i>	<i>Description</i>	<i>Par Amount of Issue</i>	<i>Closing Date</i>
Banning	Tax Allocation Bonds	Merged Downtown & Midway	\$29,965,000	5/15/2007
Lemon Grove	2007 Tax Allocation Bonds	Lemon Grove Redevelopment	\$13,830,000	6/6/2007
Ripon	Tax Allocation Refunding Bonds	Issue of 2007	\$20,395,000	6/7/2007
Winters	Tax Allocation Bonds, Series 2007	City of Winters Community	\$11,470,000	6/14/2007
Highland	Tax Allocation Bonds, Issue of 2007	Highland Redevelopment Project	\$42,645,000	6/28/2007
Banning	Revenue Bonds (Electric System Project)	Series 2007	\$45,790,000	7/3/2007
Murrieta	Tax Allocation Bonds Issue of 2007	Murrieta Development Project	\$31,610,000	7/24/2007
Upland	Variable Rate Demand	Housing Refunding Revenue Bonds	\$18,000,000	8/1/2007
Colton	POB - Taxable Pension Funding Bond	Series 2007	\$31,149,400	8/8/2007
Soledad	Tax Allocation Bonds Series 2007 A&B	Soledad Redevelopment Project	\$13,440,000	8/8/2007
Redlands	POBs - Taxable Pension Funding Bonds	Series 2007	\$25,862,392	8/9/2007
Murrieta	Escrow			8/29/2007
Redlands	2007 Housing Set Aside	Tax Allocation Bonds	\$4,640,000	8/30/2007
Cloverdale	Subordinate Tax Allocation Bonds	Series 2007	\$6,155,000	9/11/2007
Imperial	CFD 2004-2 (Mayfield)	2007 Special Tax Bonds	\$5,075,000	9/20/2007
Dinuba	Wastewater System Revenue Bonds	Issue of 2007	\$3,150,000	9/25/2007
Dinuba	COP - Lease Revenue Bonds	Issue 2007 Measure "R" Road	\$7,450,000	9/25/2007
Winters	2007 Water & Sewer Revenue Bond Financing		\$8,305,000	9/26/2007

Exhibit B. Case Studies

Case Study No. 1



Agency: Manteca Redevelopment Agency

Project Areas: The Agency has four (4) project subareas, including two original project areas and additional territory added by two project area amendments. All areas were subsequently merged into one merged Project Area.

Financings: The Agency has issued over \$140 million of taxable and tax-exempt tax allocation bonds and notes dating back to 1987, both before and after merging the project areas into one merged Project Area.

Notable Financing Structure: The Manteca Financing Authority has issued bonds under the Marks-Roos Local Bond Pooling Act, for the purpose of acquiring Bonds issued by Project Area No. 1 and Project Area No. 2 (prior to the merger of those Projects). The Agency was able to utilize this financing structure to strengthen its credit capacity and reduce issuance costs by selling the one pooled issue, as opposed to two separate financings.

Services provided by UFI: Urban Futures, Inc. has provided financial advisor and fiscal consultant services to Manteca on all City, Agency and Authority bond issues dating back to 1987. In addition, UFI planning staff has prepared all of the Agency's redevelopment plans, and the merger of the plans including the addition of new territory.

Case Study No. 2



Agency: Dinuba Redevelopment Agency

Project Areas: The Agency has seven (7) project subareas, including two original project areas and additional territory added by five project area amendments. All areas have been merged into one merged Project Area.

Financings: The Agency has issued over \$70 million of taxable and tax-exempt tax allocation bonds and notes dating back to 1989, both before and after merging the project areas into one merged Project Area.

Notable Financing Structure: The Dinuba Redevelopment Agency has successfully used the issuance of short term, interest-only tax allocation notes to leverage future tax increment provided by large development projects, including a Best Buy distribution warehouse and a "super" Wal-Mart. Insured, AAA tax allocation bond issues were then issued after the development was completed to retire the short term debt.

Services provided by UFI: Urban Futures, Inc. has provided financial advisor and fiscal consultant services to Dinuba on all City, Agency and Financing Authority bond issues dating back to 1989. In addition, UFI planning staff has prepared all of the Agency's redevelopment

plans, including the merger of the plans which also added new territory. UFI is currently processing a plan amendment to add new territory to the merged Project Area.

Case Study #3



Agency: City of Colton

Financings: The City of Colton and the Redevelopment Agency for the City of Colton have issued over \$100 million in general bonds and redevelopment bonds.

Notable Financing Structure: The City of Colton issued its 2007 Pension Obligation Refunding Bonds pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2 of Title 5 of the Government Code of the State of California. The Bonds were issued to pay the normal contributions to the California Public Employees' Retirement System ("PERS") for Fiscal Year 2007/08 and to pay unamortized, unfunded accrued actuarial liability with respect to certain pension benefits of certain City employees under the Retirement Law.

Services provided by UFI: Urban Futures, Inc. has recently provided financial advisor and fiscal consultant services to Colton on various City and Agency bond issues.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, based on existing law and assuming compliance with certain covenants set forth in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Bonds is not included in gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference for the purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds may be subject to certain federal taxes imposed on corporations, including the corporate alternative minimum tax on a portion of that interest. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See "CONCLUDING INFORMATION—Tax Matters" herein.



\$22,675,000
MANTECA REDEVELOPMENT AGENCY
AMENDED MERGED PROJECT AREA
SUBORDINATE TAX ALLOCATION BONDS
SERIES 2006

Dated: Date of Delivery**Due: October 1, as shown on the reverse of this cover page**

The Bonds will be delivered as fully registered bonds, in the denomination of \$5,000 or any integral multiple thereof. The principal or redemption price of each Bond will be payable upon the presentation and surrender of such Bond, when due or redeemed, as applicable, at the corporate trust office of U.S. Bank National Association, as trustee for the Bonds (the "Trustee"). Interest on the Bonds will be payable on April 1 and October 1 of each year (the "Interest Payment Dates"), commencing April 1, 2007. See "THE BONDS—Description of the Bonds" herein.

The Bonds will initially be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Payments of principal of, redemption price, if applicable, and interest on the Bonds are to be made to purchasers by DTC through DTC participants. See APPENDIX F — "BOOK-ENTRY ONLY SYSTEM" herein. Purchasers will not receive physical delivery of Bonds they purchase.

The Bonds are subject to mandatory sinking fund redemption and optional redemption, as described herein. See "THE BONDS — Redemption of Bonds" herein.

The Bonds will be issued pursuant to an Indenture, dated as of December 1, 2005 by and between the Manteca Redevelopment Agency (the "Agency") and U.S. Bank National Association (the "Trustee"), as supplemented by a Second Supplemental Indenture, dated as of December 1, 2006 by and between the Agency and the Trustee (together, the "Indenture") and secured on a subordinate basis with respect to the Agency's \$30,765,000 Manteca Merged Project Area Subordinated Tax Allocation Refunding Bonds, Series 2002 (the "2002 Bonds") of which \$29,335,000 in principal amount remains outstanding and the Agency's \$25,925,000 Amended Merged Project Area Subordinate Tax Allocation Bonds, Series 2004 (the "2004 Bonds") of which \$25,925,000 in principal amount remains outstanding and on a parity basis with the Agency's \$50,760,000 Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005 of which \$50,760,000 in principal amount remains outstanding (the "2005 Bonds"). The proceeds of the Bonds will be used by the Agency to finance ongoing redevelopment activities of the Agency, to fund a reserve fund, to fund capitalized interest on the Bonds through October 1, 2009 and to pay costs of issuance of the Bonds.

The Bonds are not a debt of the City of Manteca or of the State of California or any of its political subdivisions (other than the Agency), and neither the City of Manteca nor the State of California nor any of its political subdivisions is liable therefor (other than the Agency). The Bonds are special obligations of the Agency and are secured on a parity with the 2005 Bonds by a pledge of and lien on Subordinate Pledged Tax Revenues consisting of a portion of all taxes levied upon all taxable property allocated to the Agency from the Amended Merged Project Area as described herein less the amounts required to pay debt service on the 2002 Bonds and the 2004 Bonds. See "SECURITY FOR THE BONDS" herein. Neither the members of the Agency nor the Agency nor any persons executing the Bonds are personally liable on the Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain Risk Factors more fully described herein.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by XL Capital Assurance Inc., a New York stock insurance company. See "THE MUNICIPAL BOND INSURANCE POLICY" herein.

XL CAPITAL ASSURANCE

The Bonds are offered, when, as and if issued, subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Certain legal matters will be passed on for the Agency by its Disclosure Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Certain legal matters will be passed on for the Insurer by its General Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York through the book-entry system of DTC on or about December 14, 2006.

PiperJaffray

The date of this Official Statement is December 5, 2006

MATURITY SCHEDULE

SERIES 2006 BONDS

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2010	\$385,000	4.000%	3.510%	2018	\$580,000	4.000%	3.950%
2011	405,000	4.000	3.530	2019	605,000	4.000	4.080
2012	420,000	5.000	3.550	2020	510,000	4.000	4.130
2013	445,000	5.000	3.590	2021	530,000	4.000	4.180
2014	470,000	5.000	3.640	2022	555,000	4.125	4.230
2015	495,000	5.000	3.700	2023	580,000	4.125	4.280
2016	520,000	5.000	3.750	2024	610,000	4.150	4.310
2017	550,000	5.000	3.760	2025	635,000	4.200	4.340

\$4,525,000 – 4.250% Term Bonds due October 1, 2031 – Yield – 4.420%

\$4,825,000 – 4.500% Term Bonds due October 1, 2036 – Yield – 4.470%

\$5,030,000 – 4.500% Term Bonds due October 1, 2042 – Yield – 4.514%

**MANTECA REDEVELOPMENT AGENCY
SAN JOAQUIN COUNTY, CALIFORNIA**

AGENCY GOVERNING BOARD

Willie Weatherford, *Mayor/Chairman*
Vincent Hernandez, *Mayor Pro Tem/Vice Chairman*
Steve DeBrum
John Harris
Jack Snyder

CITY AND AGENCY STAFF

Robert F.D. Adams, *City Manager/Executive Director*
Karen McLaughlin, *Deputy City Manager*
Suzanne Mallory, *Finance Director*
Joann Tilton, *City Clerk/Secretary*
John Dale Brinton, Esq., *City Attorney*
Kyle Kollar, *Community Development Director*

SPECIAL SERVICES

Bond Counsel

Richards, Watson & Gershon
A Professional Corporation
Los Angeles, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth
a Professional Corporation
Newport Beach, California

Trustee

U.S. Bank National Association
Seattle, Washington

Financial Advisor and Fiscal Consultant

Urban Futures, Inc.
Orange, California

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for the purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Notes is exempt from State of California personal income taxes. In addition, the difference between the issue price of a Note (the first price at which a substantial amount of the Notes of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to a Note constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Note is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "Tax Exemption" herein.

\$7,000,000

**DINUBA REDEVELOPMENT AGENCY
MERGED CITY OF DINUBA REDEVELOPMENT PROJECT
AND DINUBA REDEVELOPMENT PROJECT NO. 2, AS AMENDED
SUBORDINATE TAX ALLOCATION NOTES
ISSUE OF 2006**

Dated: Date of Delivery**Due: October 1, 2011****Interest at 4.40% Yield — 4.50%****Price — 99.558% (Original Issue Discount)****Cusip* No. 254482 DL 3**

The Notes will be issued in fully registered form in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The Notes will be available to the ultimate purchasers ("Beneficial Owners") in denominations of \$5,000 or any integral multiple thereof pursuant to the Indenture of Trust dated as of October 1, 2006 (the "Indenture") by and between the Dinuba Redevelopment Agency (the "Agency") and U.S. Bank National Association, as trustee (the "Trustee"). Interest on the Notes is payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2007, by check mailed on the Interest Payment Date to the registered owner thereof as of the Regular Record Date established for the Notes or, at the option of the Owner of at least \$500,000 aggregate principal amount of Notes, by wire transfer if such Owner will provide the Trustee written wire transfer instructions prior to the applicable Regular Record Date. The Notes are subject to redemption prior to maturity as described herein.

The Notes are being issued on a subordinate basis to the Agency's previously issued \$13,000,000 Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2, As Amended, Tax Allocation Refunding Bonds, Issue of 2001 of which \$11,655,000 are currently outstanding (the "2001 Bonds"), the Agency's previously issued \$7,500,000 Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2, As Amended, Tax Allocation Bonds, Issue of 2003 of which \$7,180,000 are currently outstanding (the "2003 Bonds"), the Agency's previously issued \$5,670,000 Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2, As Amended, Tax Allocation Refunding Bonds, Issue of 2005 of which \$5,490,000 are currently outstanding (the "2005 Bonds") and the Agency's previously issued \$17,270,000 Merged City of Dinuba and Dinuba Redevelopment Project No. 2, As Amended, Tax Allocation Refunding Bonds, Issue of 2006 currently outstanding in full (the "2006 Bonds"). The 2001 Bonds, the 2003 Bonds, the 2005 Bonds and the 2006 Bonds are collectively referred to herein as the Senior Bonds. The Notes are being issued to finance a portion of the costs of the Redevelopment Project described herein, to pay costs in connection with the issuance of the Notes and to make certain other deposits as required by the Indenture (defined herein). The Notes are payable from and secured by the Pledged Revenues as defined herein to be derived from the Project Area. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the various base year property tax rolls to the extent they constitute Pledged Revenues, shall be deposited in the Special Fund and transferred to and administered by the Trustee in accordance with the Indenture.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Notes. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain Risk Factors more fully described herein.

The Notes are not a debt of the City of Dinuba, the State of California or any of its political subdivisions (except the Agency) and neither said City, said State or any of its political subdivisions (except the Agency) is liable therefor. The principal of and interest on the Notes are payable solely from the Pledged Revenues allocated to the Agency from the Project Area as defined herein and in the Indenture. The Notes are being issued for sale to the Dinuba Financing Authority (the "Authority"). The Authority will resell the Notes to the Underwriter.

The Notes are offered, when, as and if issued, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Disclosure Counsel. It is anticipated that the Notes will be available for delivery to DTC in New York, New York on or about October 18, 2006.

**WEDBUSH MORGAN SECURITIES**

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The date of this Official Statement is October 5, 2006.

DINUBA REDEVELOPMENT AGENCY DINUBA, CALIFORNIA

AGENCY GOVERNING BOARD

Mike Smith, *Chairman*
Terry McKittrick, *Vice Chairman*
Emilio Morales, *Member*
Mark Wallace, *Member*
Thomas Payan, *Member*

CITY COUNCIL

Mike Smith, *Mayor*
Terry McKittrick, *Vice-Mayor*
Emilio Morales, *Councilmember*
Mark Wallace, *Councilmember*
Thomas Payan, *Councilmember*

CITY AND AGENCY STAFF

J. Edward Todd, *Executive Director of the Agency and City Manager*
Linda Barkley, *Agency Secretary and Deputy City Clerk*
Kenneth L. Grover, *Financial Services Manager*
Dan Meinert, *Deputy City Manager and Development Services Director*
Dan McCloskey, *City Attorney*

SPECIAL SERVICES

Bond Counsel

Stradling Yocca Carlson & Rauth
a Professional Corporation
Newport Beach, California

Trustee

U.S. Bank National Association
Los Angeles, California

Financial and Redevelopment Consultant

Urban Futures, Inc.
Orange, California

Underwriter

Wedbush Morgan Securities
Solana Beach, California

Disclosure Counsel

Richards, Watson & Gershon
A Professional Corporation
Los Angeles, California

In the opinion of Best Best & Krieger LLP, Bond Counsel to the City, under existing law, interest on the Series 2007 Bonds is exempt from present State of California personal income taxes. Interest on the Series 2007 Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2007 Bonds. See "TAX MATTERS" herein.



\$31,149,399.85
CITY OF COLTON
TAXABLE PENSION FUNDING BONDS
SERIES 2007

Dated: Date of Delivery**Due: August 1, as shown on inside cover**

The City of Colton, California (the "City") is issuing its Taxable Pension Funding Bonds, Series 2007 (the "Bonds") pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2 of Title 5 of the Government Code of the State of California and an Indenture, dated as of August 1, 2007 (the "Indenture") between the City and U.S. Bank National Association, Los Angeles, California, as trustee for the Bonds (the "Trustee"). The Bonds will be issued as fully registered bonds in book-entry form only, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds.

The Bonds will be issued as current interest bonds in denominations of \$5,000 principal amount or any integral multiple of \$5,000 in excess thereof (the "Current Interest Bonds") and as capital appreciation bonds in denominations of \$5,000 maturity value or any integral multiple of \$5,000 in excess thereof (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds is payable on February 1, 2008 and thereafter semiannually on February 1 and August 1 of each year. The Capital Appreciation Bonds are dated the date of delivery and will accrete in value from such date, compounded semiannually on February 1 and August 1 of each year commencing February 1, 2008. Principal, accreted value and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of such Bonds.

Pursuant to the Retirement Law (as defined herein), the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the unfunded accrued actuarial liability which is evidenced by the Bonds. The Bonds are payable from legally available funds of the City. The Bonds are being issued to pay the normal contributions to the California Public Employees' Retirement System ("PERS") for Fiscal Year 2007/08, to pay unamortized, unfunded accrued actuarial liability with respect to certain pension benefits of certain City employees under the Retirement Law (the "Unfunded Liability"), and to pay the costs of issuing the Bonds. The City has the right to incur other obligations payable from its general revenues without the consent of the Owners of the Bonds.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS -- Redemption" herein.

Payment of the principal of and interest on (or, in the case of the Capital Appreciation Bonds, the Accreted Value) the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the issuance of the Bonds (see "BOND INSURANCE" herein).

Ambac

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM FUNDS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW. PURSUANT TO THE RETIREMENT LAW, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will be passed upon for the City by Best Best & Krieger, LLP, Riverside, California, as City Attorney, and by Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, Disclosure Counsel. It is expected that the Bonds, in book-entry form, will be available for delivery in New York, New York on or about August 8, 2007.



DE LA ROSA & Co.
INVESTMENT BANKERS

Dated: July 24, 2007

MATURITY SCHEDULE

\$475,000 Current Interest Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP®</u>
2008	\$475,000	5.233%	100%	19704MAA8

\$9,330,000 5.648% Term Current Interest Bonds due August 1, 2017; Price: 100% (CUSIP®: 19704MAB6)
 \$18,680,000 5.920% Term Current Interest Bonds due August 1, 2037; Price: 100% (CUSIP®: 19704MAC4)

\$2,664,399.85 Initial Value Capital Appreciation Bonds

<u>Maturity Date (August 1)</u>	<u>Original Principal Amount</u>	<u>Yield to Maturity</u>	<u>Rate of Accretion</u>	<u>Final Accreted Value</u>	<u>CUSIP®</u>
2026	\$320,409.90	6.06%	6.06%	\$ 995,000	19704MAD2
2027	317,000.75	6.06	6.06	1,045,000	19704MAE0
2028	312,283.05	6.07	6.07	1,095,000	19704MAF7
2029	307,592.80	6.07	6.07	1,145,000	19704MAG5
2030	302,976.00	6.08	6.08	1,200,000	19704MAH3
2031	297,250.00	6.08	6.08	1,250,000	19704MAJ9
2032	293,413.80	6.08	6.08	1,310,000	19704MAK6
2033	287,960.40	6.08	6.08	1,365,000	19704MAL4
2034	225,513.15	6.08	6.08	1,135,000	19704MAM2

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**CITY OF COLTON/CITY OF COLTON
SAN BERNARDINO COUNTY, CALIFORNIA**

CITY ELECTED OFFICIALS

Kelly J. Chastain, *Mayor*
Isaac T. Suchill, *Mayor Pro-Tem*
David J. Toro, *Councilmember*
Richard A. DeLaRosa, *Councilmember*
Susan M. Oliva, *Councilmember*
John D. Mitchell, *Councilmember*
Vincent Yzaguirre, *Councilmember*

CITY STAFF

Daryl Parrish, *City Manager*
Mark Nuaimi, *Assistant City Manager*
Carolina Padilla, *City Clerk*
Dilu De Alwis, *Finance Director*
Aurelio De La Torre, *City Treasurer*

SPECIAL SERVICES

Best Best & Krieger LLP
Riverside, California
Bond Counsel

U.S. Bank National Association
Los Angeles, California
Trustee/Escrow Agent

Urban Futures, Inc.
Orange, California
Financial Advisor

Nossaman, Guthner, Knox & Elliott, LLP
Irvine, California
Disclosure Counsel

Exhibit C: Client References

Jeff Allred, City Manager
CITY OF NORCO
2870 Clark Avenue
Norco, CA 92860
(951) 735-3900

Randy Anstine, City Manager
CITY OF BANNING
99 E. Ramsey St.
Banning, CA 92220-0998
(951) 922-3105

David Lane, City Manager
CITY OF CALIMESA
908 Park Ave
Calimesa, CA 92320
(909) 795-9801

Les Nelson, City Manager
CITY OF BLYTHE
235 N. Broadway
Blythe, CA 92225
(760) 922-6161

Teri Ferro, Deputy City Manager
CITY OF MURRIETA
26442 Beckman Court
Murrieta, CA 92562
(951) 461-6045

Bob Adams, City Manager
CITY OF MANTECA
1001 W. Center Drive
Manteca, CA 95337
(209) 239-8400

Enrique Martinez, City Manager
CITY OF REDLANDS
35 Cajon Street, Suite 30
Redlands, CA 92373-1505
(909) 798-7510

Joe Hughes, City Manager
CITY OF HIGHLAND
27215 E. Baseline Street
Highland, CA 92346
(909) 864-8732

Leon Compton, City Manager
CITY OF RIPON
259 North Wilma Avenue
Ripon, CA 95306
(209) 599-2108

Robb Quincey, City Manager
CITY OF UPLAND
460 North Euclid Avenue
Upland, CA 91785-0460
(909) 931-4102

Marlene Best, City Manager
CITY OF IMPERIAL
420 South Imperial Avenue
Imperial, CA 92251
(760) 355-4373

Edward Todd, City Manager
CITY OF DINUBA
405 E. El Monte Street
Dinuba, CA 93618
(559) 591-5904

Additional References/Clients

REDEVELOPMENT AGENCIES/CITIES AND INSTITUTIONAL CLIENTS THAT URBAN FUTURES, INC. HAS SERVED (part I)

Adelanto	Dinuba
Alameda County	Dinuba Redevelopment Agency
Anderson Redevelopment Agency	Downey
Apple Valley	Duarte
Arroyo Grande	Duarte Redevelopment Agency
Artesia Redevelopment Agency	Economic Development Corporation-Southwest Riverside County
Arvin Irrigation District	El Centro
Azusa	El Monte, Downey, San Jacinto Housing Finance Agency
Bakersfield	Encinitas
Baldwin Park	Escondido, Chula Vista Housing Finance Agency
Banning Redevelopment Agency	Exeter
Barstow	Farmersville
Bell Gardens	Fillmore
Belmont	Firebaugh
Big Bear Lake	Firebaugh Redevelopment Agency
Big Bear Redevelopment Agency	Folsom
Blythe	Fort Bragg
Blythe Redevelopment Agency	Fountain Valley
Brawley	Fowler
Brawley Redevelopment Agency	Fresno
Brisbane	Fresno County
Buena Park	Garden Grove
Calabasas	Glendora
Calexico	Gonzales
Calexico Community Redevelopment Agency	Grand Terrace
California Statewide Community Development Authority (CSCDA)	Greenfield Redevelopment Agency
Calimesa	Gridley Redevelopment Agency
Calipatria	Hanford
Camarillo	Hawaiian Gardens
Carson	Hesperia Redevelopment Agency
Cathedral City	Highland
Cathedral City Redevelopment Agency	Highland Redevelopment Agency
Ceres	Holtville
Cerritos	Hughson
Clovis	Huntington Beach
Coachella	Huntington Park
Coalinga	Huntington Park Redevelopment Agency
Colton	Indio
Colton Joint Powers Authority	Industry
Colton Redevelopment Agency	Kings County
Commerce	La Verne
Concord	Lafayette
Corona	Lancaster
Costa Mesa Redevelopment Agency	Lancaster Housing Authority
Covina	Lancaster Redevelopment Agency
Covina Redevelopment Agency	Lawndale
Covina, Rancho Cucamonga, Calexico, Downey Housing Finance Agency	Lemoore
Crescent City	Lemoore Redevelopment Agency
Cudahy	Lindsay
Delano	Lindsay Redevelopment Agency
Delano Redevelopment Agency	Livermore
Desert Hot Springs	

**REDEVELOPMENT AGENCIES/CITIES AND INSTITUTIONAL CLIENTS
THAT URBAN FUTURES, INC. HAS SERVED (part II)**

Livingston	Rocklin
Loma Linda	Rosemead
Los Angeles County	Sacramento County
Los Angeles, City	San Bernardino
Los Angeles, County	San Bernardino County
Los Banos	San Buenaventura
Manhattan Beach	San BuenaventuraCovina Housing Finance
Manteca	Agency
Manteca Redevelopment Agency	San Diego County
March Joint Powers Authority (Military Base	San Diego County Housing Authority
, Reuse)	San Diego, City
Maywood	San Dimas
Mendota	San Fernando
Merced	San Francisco
Montebello	San Jacinto
Montebello Redevelopment Agency	San Juan Capistrano
Montebello Oxnard Housing Finance Agency	San Juan Capistrano Redevelopment Agency
Monterey Park	San Leandro
Moorpark	San Luis Obispo, City
Moorpark Redevelopment Agency	San Luis Obispo, County
Moreno Valley	San Marcos
Morgan Hill	Santa Ana
National City	Santa Paula
Needles	Shasta Utility District
Norco	Simi Valley
Norco Redevelopment Agency	South El Monte
Oceanside	Southern California Home Financing Authority
Ontario	(SCHAFA)
Ontario Local Redevelopment Authority	Stanislaus County
(Military Base Reuse)	Stanton
Ontario Redevelopment Agency	Stanton Redevelopment Agency
Orange	Susanville
Orange County	Temple City
Orange County Redevelopment Agency	Thousand Oaks
Oxnard	Union City
Palmdale	University of La Verne
Paramount	Upland Redevelopment Agency
Parlier	Upland
Pasadena	Vallejo
Pasadena Community Development Com.	Ventura
Phoenix, Arizona	Victor Valley Economic Development Authority
Pico Rivera	(Military Base Reuse)
Pismo Beach	Victorville
Pittsburg	Vista
Pomona	Walnut
Pomona Redevelopment Agency	Walnut Improvement Agency
Port Hueneme Covina Housing Finance Agency	West Covina
Rancho Cucamonga	Westminster
Rancho Palos Verdes	Westminster Redevelopment Agency
Redlands Redevelopment Agency	Winters Redevelopment Agency
Redlands	Winton
Redondo Beach	Winton Irrigation District
Reedley	Yorba Linda
Rialto	Yucaipa
Rio Vista	
Rio Vista Redevelopment Agency	
Ripon	
Riverside County	